

## Kentucky Agricultural Development Fund



# 2006 AGRI-TOURISM COMPETITIVE AWARDS PROGRAM

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**T**he following guidelines and recommendations have been developed for the implementation of an Agri-tourism competitive award program utilizing state Agricultural Development Funds.

### **Definitions:**

For the purposes of this program, **Agri-tourism** shall be defined as any economic activity that occurs on a farm for the enjoyment or education of the public to promote agricultural products, services, or experiences, which generate additional farm income.

### **Funding Availability:**

\$1.0 million state funds for 2006 (\$500,000 per Round)

### **Deadlines:**

Round I ..... February 1, 2006

Round II ..... August 1, 2006

### **Eligible Applicants:**

Any producer engaging in an on-farm Agri-tourism Business, or any Regional Agri-tourism Organization engaging in marketing and promotion for Agri-tourism Businesses in multiple counties.

Additionally, the applicant shall not have received Agri-tourism Awards funds within the last five (5) years.

### **Matching Funds:**

All projects require a 50% match from the applicant.

### **Application:**

Applicants must fill out the Agricultural Development Fund Project Application and submit the original and 16 copies to the Governor's Office of Agricultural Policy.

### **Scoring Process:**

GOAP Project Analysts will score each application, using the attached Competitive Scoring System, with the highest/lowest scores being dropped. The remaining scores will be averaged and put into rank order. Those above a pre-determined cut-off will be presented to the Board for funding consideration.

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In the event that no application meets the minimum requirements established by the Board, no applications will be funded in that cycle. At that time the Board may transfer funds to the next round of the Agri-tourism Competitive Awards Program.

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## Agri-tourism Business Applicants

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- \$50,000.00 maximum per applicant/project for State funds, as a forgivable loan, using the **three tiered forgiveness**,\* based on purchases from documented tobacco dependent producers of product either grown in Kentucky or value-added from Kentucky grown product.
- Board will entertain funding up to one-half the cost of building/expanding facilities or purchasing equipment.
- Marketing and promotion activities, which should not exceed 10% of the request/award.
- Board will not entertain requests for operating funds, paving parking lots, motorized vehicles, land, livestock, overnight lodging for rent, pay lakes, docks, horse trails, hiking trails, and swimming pools or hot tubs.

### **\*Three Tiered Forgiveness:**

For the purposes of this program, the Three Tiered Forgiveness is defined, as follows: For the first two years after approval there is a “grace” period in which no payments are required, but forgiveness may be earned. The next 10 years are the amortization period for the forgivable loan. The following is the breakdown for the three tiered forgiveness with years 1 & 2 being the grace period:

- Years 1-4: \$.75 credit earned for every \$1.00 of Kentucky product purchased.
- Years 5-8: \$.50 credit earned for every \$1.00 of Kentucky product purchased.
- Years 9-12: \$.25 credit earned for every \$1.00 of Kentucky product purchased.

For existing Agri-tourism entities, a baseline for their forgiveness structure shall be established. Due to the diverse nature of agri-tourism projects, the Project Analyst and applicant shall work together to determine the baseline for the individual project, prior to Board approval.

## Regional Agri-tourism Organization Applicants

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- \$50,000 maximum per applicant/project, as a grant
- For marketing and promotion activities

## Competitive Scoring System

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1. Business viability (0-25)
2. Potential Customer Base / Increased Returns (0-10)
3. Producer Commitments (0-25)
4. Management Team / Workforce (0-10)
5. Work Plan / Budget (0-10)
6. Amount Requested (0-5) [more points for asking for less money]
7. Project Cost Per Owner-Producer (0-5)
8. Community And Industry Support (0-10) [does not include congressional support]
9. Tobacco Dependency (0-10) [documented by a Phase II check stub or an executed copy of their Buyout contract]
10. Board points (up to 5, but not to exceed 10% of points awarded for other criteria) [to recognize innovative technologies, geographic distribution, under-served areas, etc.]

